

# Army Acquisition Reform Newsletter

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Army Acquisition Reform Web Site: <http://acqnet.sarda.army.mil/acqref/default.htm>  
Questions? Contact LTC Dan Gallagher, (703) 681-9479, [gallaghd@sarda.army.mil](mailto:gallaghd@sarda.army.mil)

## Army Contracting Efficiency Analysis

The Acquisition Reform Office is developing new analysis tools that will help to discern trends in Army contracting efficiency. By looking at historical data since the inception of acquisition reform efforts, conducting ratio analysis, and assessing the overall trends, we can reach important conclusions about the health of the contracting mission area, in general, and the impact of Army Acquisition Reform, in particular.

One key measurement tool that has been in use since 1994, is the Cost to Purchase ratio. This ratio provides the cost expended (in cents) to purchase one dollar's worth of supplies or services. Over the analysis period from FY95 through FY98, the Cost to Purchase ratio has decreased from 1.42 cents in FY95 to 1.15 cents in FY98, or a decrease of 19%.

A new ratio being studied is the Average Annual Obligation per Person. Between FY95 and FY98, the average dollar awarded per person per year has risen from \$3.3 Million to \$4.5 Million, an increase of 35% over that period.

This ratio indicates that, for a variety of reasons, including personnel reductions, process improvements, and acquisition reform initiatives, the average Army contracting professional has become significantly more productive, in terms of total output.

A third ratio being examined is the Average Obligation per Contracting Action. Between FY95 and FY98, this ratio has risen from \$14,400 to \$48,000 – an increase of over 233%. This reflects the increased use of the Government Purchase Card for satisfying micro-purchase needs, as well as the continuing emphasis on consolidating contract requirements, where possible and useful. The Army Centers and Satellites organizational concept has contributed to this success.

The Army Acquisition Reform Office will continue to test these and other management metrics as a means of learning if our improvement efforts are yielding the desired outcomes. Much more work will need to be done in this area. We seek your opinions on metrics and other Acquisition Reform initiatives. Your contributions will help us to develop the most effective and efficient Army contracting organization possible.

POC for this article is Mr. Tim Pugh,  
Commercial (703) 681-9318, DSN 761-9318